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State's Economy Slows at Summer's End

The Pennsylvania economy ended the summer on a downbeat. The composite index of coincidental indicators for the state dropped 1.1 percent in August, after falling 0.7 percent in July. Furthermore, total resident employment, steel production and contract construction awards fell below levels for the same month a year earlier.

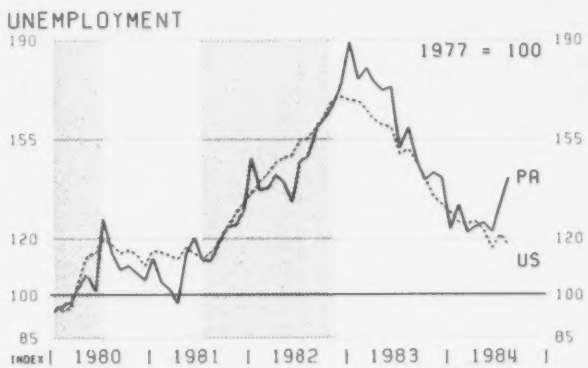
The seasonally adjusted level of total resident employment fell 2.4 percent in August. This decline, coupled with the 1.4 percent drop in July, totally canceled out gains in the previous 12 months.

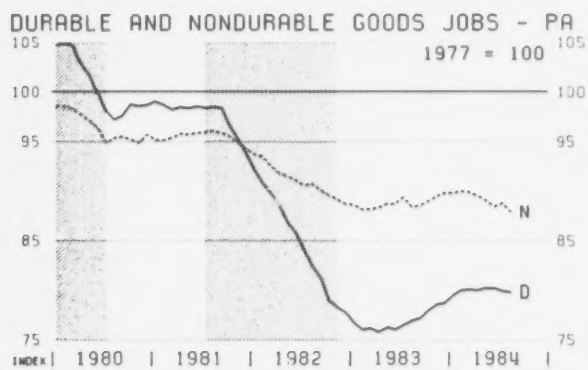
Nationally, total resident employment measured from the household survey also fell from July to August, with virtually all of the drop occurring among youth under the age of 25. The disproportionally large drop in August is attributed to a later than usual survey reference week, during which many young people had already left summer jobs to return to school for the fall term.

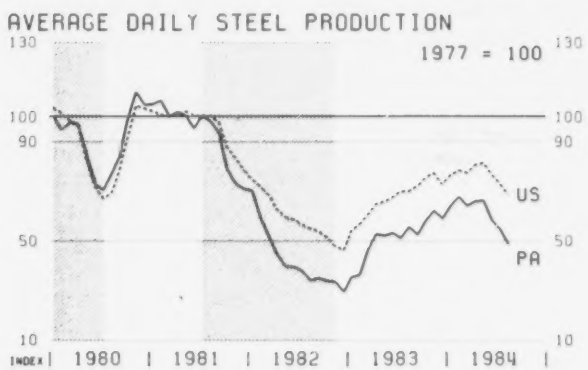
Because too few households in the state are surveyed in any given month to produce reliable monthly estimates of employment by age group, comparable figures for Pennsylvania are not available. However, the departure of students from the labor force undoubtedly explains much of the August drop in the employment of Pennsylvania residents also. The total civilian labor force in the state fell a seasonally adjusted 1.5 percent that month.

Despite the drop in the household survey's measure of employment, the total job level from the survey of Pennsylvania's nonagricultural establishments was little changed. Declines in the seasonally adjusted number of jobs in the state's factories, mines and retail establishments were offset by increases in other sectors. In addition, the finance, insurance and real estate industry group, the miscellaneous services industry group, and public utilities registered record high employment levels in August.

Contrasting movements in the two major employment series often occur because of the different sampling frames of the surveys from which they are derived. The sample of households in the household survey is selected to reflect the entire civilian, noninstitutionalized







PENNSYLVANIA BUSINESS SURVEY

College of Business Administration The Pennsylvania State University **October 1984**

Economic Activity in Pennsylvania	1984 July	1984 Aug.	1983 Aug.	Seasonally Adjusted Indexes 1984 July	1984 Aug.	1983 Aug.
Pennsylvania Industries						
All nonagricultural industries						
No. of wage and salaried jobs (thous.)[1]	4,632.*	4,634.	4,546.	101.0*	101.1	98.8
Nonmanufacturing						
No. of wage and salaried jobs (thous.)	3,507.*	3,507.	3,424.	108.4*	108.6	106.0
Manufacturing						
No. of wage and salaried jobs (thous.)	1,118.*	1,122.	1,101.	79.9*	79.8	76.9
Ave. wkly. hrs. worked by prod. workers	40.1*	39.8	39.4	101.7*	100.9	99.9
Total wkly. person-hours worked (mils.)	30.8*	30.8	29.6	81.0*	79.8	76.9
Total wkly. payroll (mil. dols.)	287.6*	286.7	265.2	129.2*	127.4	117.9
Steel production (thous. tons)	1,104.	952.	1,088.	55.	48.	55.
Industrial electric power sales (mil. kwh)	3,658.	3,683.	3,520.	99.	100.	94.
Mining						
Anthracite coal (thous. net tons)	382.	458.	402.	83.	79.	70.
Bituminous coal (thous. net tons)	5,143.	n.a.	3,618.†	96.	n.a.	70.†
Construction contracts awarded (mil. dols.)						
Total	642.3	529.9	546.4*	167.	139.	151.*
Residential building	262.9	257.2	248.3*	157.	133.	135.*
Other building	291.2	164.4	173.0*	209.	144.	152.*
Nonbuilding (utilities and public works)	88.2	108.2	125.1*	122.	142.	180.*
Employment of Pennsylvania Residents						
Employed, no. of persons (thous.)	5,138.	5,045.	5,051.	104.3	101.9	102.2
Unemployed						
No. of persons (thous.)	540.	538.	612.	131.8	141.2	159.1
Rate (percentage of labor force)	9.5	9.6	10.8			
Rate, seasonally adjusted	9.9	10.4	11.6			
Civilian labor force, no. of persons (thous.)	5,678.	5,583.	5,663.	106.5	104.9	106.5
Initial claims for unemployment benefits	129,681.	104,100.	128,055.	84.1	85.3	100.9

Consumer Prices, all items	Urban Indexes (1967 = 100) 1984 July	1984 Aug.	1983 Aug.	Percentage Change Month Ago	Year Ago
U.S. city average	311.7	313.0	300.3	+0.4	+4.2
Philadelphia	301.4	302.9	289.9	+0.5	+4.5
Pittsburgh	n.a.	319.1	310.2	n.a.	+2.9
Northeast PA	297.3	n.a.	283.4†	n.a.	+4.9

NOTES: Data on employment have been revised to first quarter 1983 benchmarks.
[1] Total includes workers on strike. * = figure revised † = figure for July 1983 n.a. = data not available
SOURCES AND DEFINITIONS OF DATA ARE AVAILABLE ON REQUEST.

population 16 years of age and older while the establishment survey counts wage and salary employees whose names appear on payroll records of nonagricultural firms. Thus, the establishment survey excludes agricultural workers, the self-employed, unpaid family workers and private household workers, who are included in the household survey. Furthermore, the establishment survey is not limited to those 16 years of age and older, and employees working on more than one payroll may be counted twice in the establishment survey while there is no duplication of individuals in the household survey.

Pennsylvania's factory job level actually rose in August by 900 durable goods jobs and 3,300 nondurable goods jobs. But these gains were less than is typical from July to August, and therefore the seasonally adjusted job levels declined. The August drop in nondurable goods factories was the fifth in six months. Although these small declines in nondurable goods employment do not compare to the steep drops in durable goods employment during the recession, they do indicate a continued weakness.

The women's and misses' outerwear industry group has been particularly weak with a loss of 5,400 workers, 10.3 percent of the industry's workforce, since last February. Furthermore, average employment levels so far this year are below last year's average in the food and kindred products, the chemicals and allied products, the petroleum and coal products, and the leather and leather products industry groups.

The 0.4 percent drop in employment in primary metals industries, accompanied by a shortening of the average length of the workweek in primary metals factories from 40.6 hours to 38.9 hours, reflects the third consecutive monthly decline in the average daily production of steel. The state's seasonally adjusted production level fell 11.2 percent in August, 5.7 percent in July and 12.3 percent in June. In August, it was at its lowest level since March 1983.

Continued on back page.

Employment Conditions Improve in Second Quarter

But Race and Sex Differentials Persist

Although now clouded by increases in joblessness in July and August, data recently released by the Bureau of Labor Statistics show improved conditions for all major demographic groups in Pennsylvania during the April-June 1984 quarter, with whites and males registering the greatest progress.

The number of employed Pennsylvanians increased 178,000 or 3.7 percent during the second quarter, which is 75,000 or 1.5 percent more than the usual seasonal rise. At the same time, the seasonally adjusted number of unemployed Pennsylvanians rose 4,000 or 0.8 percent, but the unemployment rate was unchanged at 9 percent of the civilian labor force.

In the first two months of the third quarter, total employment in the state grew another 122,500, but seasonal adjustment turned the increase into a decline of more than 50,000 or 1.1 percent. This decline and an accompanying increase in the number of unemployed Pennsylvanians brought the seasonally adjusted unemployment rate back to an average 10.2 percent for the two-month period.

The jobless rate among males fell to 8.8 percent in the second quarter from 11.3 percent in the first quarter. Second quarter marked the first time since the fourth quarter of 1981 that the rate for males was lower than the rate for females.

Unemployment among females rose to 9.3 percent from 8.7 percent. However, the increase was not due to a decline in total female employment, which rose 1.8 percent, but rather to a 2.2 percent increase in the number of women participating in the labor force. The percentage of Pennsylvania's female population aged 16 years or more participating in the labor force rose to 47.8 percent in the second quarter from 46.6 percent a quarter earlier and 46.9 percent in the second quarter of 1983.

Total employment among males rose 5.1 percent as their participation rate rose to 72.2 percent from 70.7 percent in the first quarter but remained below the 73.9 percent rate prevailing a year earlier.

Among the state's major demographic groups, only blacks experienced a drop in employment over the quarter. There were 9,000 fewer blacks at work last quarter than in the first quarter, a decrease of 3 percent. Because of a corresponding 3.1 percent fall in the number of labor force participants, the black unemployment rate fell to 21.4 percent — significantly lower than the 25.4 percent rate a year earlier.

As expected at the end of the school year, employment among 16-19 year olds rose sharply, up 70,000 or 26.2 percent. At the same time, the teen unemployment rate dropped to 19.4 percent. Second quarter was the first time since third quarter 1981 that this rate was below 20 percent.

Nationally, blacks fared much better, with a 3.6 percent employment increase over the quarter and an over-the-year increase of 8.4 percent. The national unemployment rate for blacks averaged 16.1 percent during the second quarter compared to 21.4 percent in the state.

The U.S. jobless rates were somewhat less than in the state for all demographic groups, except teenagers, whose rates were the same at both the state and national levels. In addition, labor force participation rates in the nation were generally higher than in Pennsylvania. However, the range of participation was approximately the same, with the rate among men highest and that among women lowest. — *Norma I. Gavin*

Employment Data by Sex and Race and for Teenagers — Pennsylvania and the United States

	Number Employed	Percentage Change in Employment		Labor Force Unemployment Rates			Participation Rates		
	1984 II (in thousands)	Over Quarter	Over Year	1984 II	1984 I	1983 II	1984 II	1984 I	1983 II
Pennsylvania									
Total, seasonally adjusted	4,999	1.5	—	9.0	9.0	12.6	59.7	58.8	59.9
Total, unadjusted	4,969	3.7	4.3	9.0	10.2	12.7	59.3	58.0	59.6
Male	2,862	5.1	5.1	8.8	11.3	14.4	72.2	70.7	73.9
Female	2,107	1.8	3.2	9.3	8.7	10.2	47.8	46.6	46.9
White	4,629	3.9	4.2	8.1	9.3	11.7	59.8	58.7	59.8
Black	295	-3.0	1.7	21.4	21.7	25.4	52.4	50.2	56.7
16-19 years old	337	26.2	4.3	19.4	21.8	24.0	51.7	44.6	51.7
United States									
Total, seasonally adjusted	105,146	1.4	—	7.5	7.9	10.1	64.5	64.1	64.0
Total, unadjusted	105,179	3.1	5.1	7.4	8.4	10.0	64.5	63.4	63.9
Male	59,257	3.6	4.8	7.3	8.9	10.4	76.6	75.3	76.6
Female	45,921	2.5	5.5	7.5	7.9	9.5	53.6	52.7	52.5
White	92,434	2.9	4.7	6.4	7.4	8.7	64.8	63.8	64.2
Black	10,020	3.6	8.4	16.1	16.7	20.6	61.9	60.4	61.7
16-19 years old	6,599	15.0	4.0	19.4	20.6	23.9	55.4	48.4	54.4

SOURCE: Current Population Surveys, Bureau of Labor Statistics, U.S. Department of Labor

NOTES: The unemployment rate is the percentage obtained when the number of unemployed is divided by the number in the civilian labor force, and the labor force participation rate is the percentage obtained when the number in the civilian labor force is divided by the number in the civilian, noninstitutionalized population. Unless otherwise indicated, the data are not seasonally adjusted.

Pennsylvania Composite Indexes

	Index		Percentage Change from Preceding Month	
	Leading	*Coincident*	*Leading*	*Coincident*
January 1984	103.0	89.2	0.0	0.1
February	104.2	89.4	1.2	0.2
March	103.9	89.2	-0.3	-0.2
April	103.9	89.4	0.0	0.2
May	104.4	89.7	0.5	0.3
June	104.1	90.2	-0.3	0.6
July	104.4	89.6	0.3	-0.7
August	103.3	88.6	-1.1	-1.1

Continued from page 2.

Nationally, the average daily production of steel also fell for the third month in a row, but the percentage decline was lower than the state's in each of these months. Thus, Pennsylvania's share of total national production dropped to 13.8 percent in August from 17.2 percent in May.

Because coal users had been stockpiling coal in anticipation of a strike by the United Mine Workers, the drop in steel production has not fully impacted on the levels of coal mined in the state. However, despite the ratification of a labor contract by 105,000 members of the Bituminous Coal Operators Association, which represents the industry's first peaceful settlement of a major contract in 18 years, production and employment in Pennsylvania mines will surely decline in the following months. Coal users' stockpiles are well above normal levels, and it will take months before these inventories are reduced.

Construction activity in Pennsylvania will also be slowing. August marked the first month this year in which the value of contract awards for future constuction was below the value for the same month last year. The cumulative value of awards for this year remains 34.6 percent ahead of last year's eight-month total, but this lead will probably decline by year's end.

Housing construction usually slows first. The seasonally adjusted value of residential building awards in Pennsylvania registered its third consecutive decline in August.

This measure contributed to the 1.1 percent decline in the Pennsylvania composite index of leading indicators. The other two components of the index — average weekly hours worked by production workers in the state's manufacturing industries and new claims for unemployment compensation — also contributed to the decline.

However, it is too early to interpret the negative showing of this index as a sign of anything but a slowing in the rate of economic growth. Five declines in a six-month period typically indicate a turning point in the upward direction of the economy. Besides the decline in August, the Pennsylvania leading indicator index has only declined a small 0.3 percent in March and in June.

— *Norma I. Gavin*

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